**Market Trends and Ricoh’s Position**

Ricoh pioneered digital copiers and is the world’s No. 1 manufacturer of this equipment.

Networking is essential to boost productivity in today’s office environment. Ricoh has drawn on years of development in digital technologies to serve the digitally networked office. The Company dominates the digital copier market in Japan. Overseas, it has launched an array of networked models. It has remained No. 1 in Europe and the United States in its core business of digital monochrome copiers for the past three years.

**Fiscal 1999 Performance**

In fiscal 1999, copier sales rose 1.8%, to ¥906.9 billion ($7,495 million). This accounted for 63.6% of net sales.

Domestic sales declined 4.6% amid Japan’s prolonged recession. In contrast, overseas sales jumped 9.0% in line with solid performances in Europe and the United States.

Growth abroad stemmed from steadily expanding demand for digital copiers, supported by a reinforced lineup under the Aficio brand and stronger sales channels and technical support.

The Aficio 650 was especially popular. This digital copier can output 65 copies per minute (cpm). Also selling well was a range of models with speeds between 20 and 55 cpm to meet a broad range of volume requirements.
The Aficio 650 is our flagship digital machine. It contributes to office productivity with post-processing features like stapling and sorting, with optional finishers. Its network printer function is very popular because it takes full advantage of digital multifunctionality. In 1998, Business Equipment Research & Test Laboratories bestowed its Five-Star Award on the Aficio 650 as the best product in its category.

The 25-cpm Aficio 250 sold solidly. This low-volume machine saves space by outputting paper in a cavity within the unit. It also boasts fax and printer upgradeability.

Other good sellers were the 35-cpm Aficio 340/350 and the 45-cpm Aficio 450. Their prime attractions are a resolution of 600 dpi in printing mode and multifunctionality.

Two machines contributed most to color copier sales. These were the compact Aficio Color 2000 series, which delivers three cpm in color mode.

California-based electronic components maker Bourns, Inc., chose the 45-cpm Aficio 450 for its compactness, networkability, and reliability. Pictured is Belle Casale, customer service representative.

Seiko Instruments USA Inc. uses the six-color-cpm, networkable Aficio Color 5106 heavily to output advertising and other artwork. Pictured is Greg Roper, marketing communications specialist.

The Brussels office of Volkswagen Bruxelles-Brussel NV-SA has bought several Ricoh copiers, including the Aficio 200.
and the Aficio Color 5000 series, which offers six color cpm. Both models are available in basic formats. With a controller added, they double as networkable color printers.

Domestically, we achieved steady progress by broadening our digital lineup. But sales dipped slightly—the prolonged recession hit analog copiers hard.

In analog copiers, we stepped up environmental protection efforts in Japan by bringing out more remanufactured models incorporating up to 60% recycled parts.

Complementing our copiers are high-resolution, wide-format copiers and stencil duplicators, many of which are digital and networkable.

**Looking Ahead**

The trend toward digital networking is making office work more efficient and productive. Ricoh will respond by reinforcing its lineup of digital, particularly color, machines, to provide more document solutions.

In Japan, we have already launched a series of multifunctional copiers based on new concepts, including remote scanning. One system works as a gateway to both paper-based and electronic document management. Internationally, we will continue to expand the Aficio range.

In color machines, we have domestically commercialized a new Imagio Color series of multifunctional copiers with stronger monochrome reproduction and networking capabilities, as

*The Hong Kong Special Administrative Region Government* ordered 650 units of the Aficio 450, a 45-cpm machine, as part of its drive to enhance administrative efficiency with equipment that delivers the best value.

A firm belief in Ricoh’s technology, responsive service, and cost performance underscored the Commonwealth Bank of Australia’s choice of the Aficio 340, a 35-cpm model that can also transmit in the Super G3 mode. Pictured are Kerrie Cargill, assistant category manager, and Pauline Batey, business equipment officer.
well as better color quality. We will also release the Aficio Color 3000, 4000, and 6000 series overseas.

On the production front, we have started making digital equipment in China. This complements bases in Japan, the United States, and Europe. We are also stepping up consumables production in each region to match global demand.

The Aficio Color 5206’s ability to produce top-quality images quickly and at low cost prompted the Spanish National Police to buy 50 units of this machine fitted with slide projectors. The copiers output high-resolution images of speed offenders, taken by hidden cameras on national highways.

The 25-cpm Aficio 250 has won top marks for its space-saving output cavity at Bertrand Faure Deutschland GmbH, a top producer of car seats based in Stadthagen, Germany.

Ricoh strengthened its 27-year partnership with Ford Motor Company of Australia through the Aficio 450, selected in line with comprehensive efforts to cut the automaker’s costs and bolster productivity. Pictured is Ken Isaac, facilities materials and services purchasing buyer.

The European Service Parts Centre warehouses more than 160,000 service parts for Ricoh machines, and ships to more than 1,000 locations in Europe in as little as four hours after receiving orders.
Communications and Information Systems

Market Trends and Ricoh’s Position
Ricoh’s activities in this area encompass fax machines, as well as printers, scanners, software, and other information equipment.

Customers today demand operational solutions, not just products. Ricoh optimizes equipment and systems for networked environments. It uses proprietary digital and image processing technologies to provide more document solutions. The main focuses are printers and other networkable output equipment.

Fiscal 1999 Performance
Sales in this category advanced 1.6%, to ¥327.5 billion ($2,707 million), and represented 23.0% of net sales.

Our performance benefited greatly from a complete line of printers that Ricoh launched in Japan during the year. A stronger computer range in the domestic market also contributed. Fax machines were particularly popular in Europe.

Communications Systems
We enjoyed considerable success with our multifunctional, networked fax machines.

An especially strong seller overseas was the FA X2000L, a compact, computer-connective plain-paper model for small work groups. The FA X4800L was similarly successful. This machine can be upgraded to the G4 protocol. It also features an Internet connection option to streamline communications.

In Japan, we reinforced our line of Super G3 models. They can transmit an A4 page over regular telephone lines in just three seconds.
INFORMATION SYSTEMS

In this business area, Ricoh concentrates on printers and scanners domestically and internationally. In Japan, it offers PCs, software and services, and Japanese-language word processors.

During the year, we scored an instant hit in Japan with the IPSiO series of compact, high-speed printers, covering all market segments. The top-of-the-line IPSiO NX700 can output up to A3 size at 20 pages per minute (ppm). The mid-range IPSiO NX600 delivers 16 ppm. The NX70 is targeted at small and home offices with low budgets. A highlight of the year was the launch of the Company’s first color laser printer, the IPSiO Color 2000.

Ricoh harnessed its strong sales network to boost PC sales.

In software, we did well with Ricoh Solution Group Office, which we originally brought out to assist in-house reforms. It is based on Lotus Notes groupware and is popular for its superior practicality.

LOOKING AHEAD

In fiscal 2000, we plan to build on the popularity of our enhanced printer line to bring out models overseas under the Aficio brand. We will also bolster our printer business overall by developing more multifunctional copiers with printer capabilities. In Japan, we have introduced the IPSiO Color 5000, an A3 color printer, and a networkable printer with improved post-processing. Through a joint development project with a software company, we have also commercialized Japan’s first printer driver for Linux operating systems. All these endeavors mirror a companywide drive to be the global No. 1 in output equipment.
Ricoh maintains several businesses that draw on and complement its broad technological resources. The main products in this area are photographic equipment, CD-Recordable/CD-ReWritable (CD-R/RW) drives and discs, and unit modules for PC parts.

We also make educational and measuring equipment and provide leasing and logistics services to support customers’ operations.

**Fiscal 1999 Performance**

Sales of other businesses expanded 0.9%, to ¥191.5 billion ($1,583 million), on the strength of favorable sales in Japan and Europe. This category accounted for 13.4% of net sales.

**CD Business**

CD-RW discs are ideal for storing multimedia computer data. Ricoh played a major role in creating the international technical standards for CD-RW and is a major player in this business, particularly in Europe and the United States.

In fiscal 1999, we launched the instantly successful MP7040 series of compact CD-R/RW drives. They write at quadruple speed and read out at 20-times speed.

**Electronic Devices**

Ricoh develops and manufactures electronic devices, crucial to innovating image processing systems. We create application-specific integrated circuits (ASICs) and application-specific standard products (ASSPs).
In ASICs, we develop central processing unit cores and large-scale integrated circuits for telecommunications. Our ASSP lineup includes CD-R/RW controllers and PC card controllers for notebook computers. With general-purpose large-scale integrated circuits, we make power management chips and real-time clocks, for which we have developed the world’s smallest chip and a Y2K-compliant chip.

**Photographic Equipment**

Ricoh offers both 35mm compact cameras and digital models.

We pioneered digital cameras, which have tremendous potential as computer input devices. During the year, we introduced the RICOH DC-4 series (RDC-4300/4200 overseas). This camera features a 3X optical zoom lens and a resolution of 1,320,000 pixels.

Our advanced 35mm compact camera range includes the GR1S and the GR10, for which demand is high in Japan and abroad. Our cameras sell especially well in China. The Information People’s Daily ranked Ricoh as the most popular foreign camera brand in the nation.

**Looking Ahead**

Digital cameras will become even more popular in the years ahead. After the close of the term, we brought out the RDC-5000, which offers a resolution of 2,300,000 pixels and compact camera ease.

We will develop more ASICs and ASSPs for our digital products and information and telecommunications equipment.

We will continue to take advantage of our position as a leading global manufacturer of CD-R/RW drives and media.